

**Strictly Private & Confidential**

The director

12/10/10

Dear Sirs

**Invoice Finance Facilities: In Principal Offer**

Thank you for the opportunity of speaking with you. Hearing more about your business, and your future plans, has allowed me to develop a solution, which matches your cash flow requirements.

So why can we offer your business a service, which will meet your expectations?

- o We have fourteen regional companies throughout the UK, the largest network in our industry, which means you deal with local decision makers ensuring a fast, personal service.
- o You will have a dedicated point of contact who will work with you to ensure the service we provide lives up to your expectations. We offer one of the lowest client to staff ratios in our industry.
- o Being independent of any bank means that we are not subject to restrictions and really can develop **flexible** solutions for your business.
- o We are wholly owned by the **family owned** dynamic business-to-business group of companies with 200 years of trading history.

**Funding Solution**

We are offering a recourse factoring facility, which will provide you with a predictable and flexible cash flow. We will give you access to a dedicated client manager and you will have a full credit control service carried out, which will take care of collecting payments freeing up your time to run your business. You will also be able to access your account online, speeding up access to cash and keeping you up to date with payments received from your customers.

**Funding line**

I have allocated a funding line of £50,000 based on a projected factored turnover of £350,000 and assuming an average debt turn of 60 days. From this I have calculated your average borrowings will be circa £25,000 (if fully taken) A funding line of £50,000 will allow for growth and we will be happy to review this figure as our relationship continues and your turnover increases.

## Cash Availability

We will make available up to 60% of your unpaid sales invoices within 24 hours of you sending them to us, subject to verification of outstanding customer balances. As and when your customer pays an invoice, the remaining 40% will become available (less our fees).

Please do not hesitate to call me should you have any questions or anything is unclear about the following offer;

### Our offer to you:

<b>Type of Facility</b>	<b>Recourse factoring</b>
<b>Credit Control</b>	To be carried out by _____
<b>Initial Payment</b>	60% of the approved invoice value
<b>Service Fee</b>	3%
<b>Minimum Charge</b>	£875 per month
<b>Extended Service fee for invoices that are outstanding longer than expected</b>	3% of the invoice value
<b>Discount Fee (cost of money used)</b>	3% above 3 month Libor (subject to a minimum Libor of 3%)
<b>Funding period</b>	90 days month end
<b>Funding line</b>	£50,000
<b>Highest Customer Involvement</b>	10% of the approved ledger value. This may be increased for individual customers if supported by a sufficient credit rating.
<b>One off documentation Fee</b>	£500
<b>Same Day Transfer Charge</b>	£35 + VAT
<b>BACS Charge</b>	Free
<b>Initial Contract Period</b>	12 months + 3 months notice of termination
<b>Bad debt protection</b>	N/A
<b>Export Debts</b>	N/A
<b>Client Access Facility</b>	online system
<b>Security</b>	<ul style="list-style-type: none"> <li>• Factoring agreement</li> <li>• Debenture</li> <li>• Personal Guarantee of director (personal asset statement to support)</li> <li>• Waiver and deed of priority from HSBC Bank Plc</li> </ul>
<b>Pre Commencement Conditions</b>	<ul style="list-style-type: none"> <li>• Signed data protection act letter and ID (passport or photo driving license and recent utility bill) to be received from director and company secretary.</li> <li>• Proof of your VAT and PAYE payments</li> <li>• Example of your invoice audit trail.</li> <li>• Copies of the outstanding invoices on the sales ledger.</li> <li>• We will require full customer name and address list to include landline numbers, fax numbers and contact names.</li> <li>• We will require satisfactory verification of the outstanding debt on sales ledger prior to pay out.</li> <li>• HSBC Bank Plc to confirm the overdraft will remain in place.</li> </ul>
<b>Operating Conditions</b>	<ul style="list-style-type: none"> <li>• Copy of monthly management accounts</li> <li>• Monthly copy of your aged creditors listing</li> <li>• Invoices and proof of deliveries to be forwarded within 7 days of upload.</li> <li>• Customer purchase orders to be forwarded on request</li> <li>• Invoices only to be assigned to _____ following completion of full delivery to customer, sign off/proof of delivery.</li> </ul>

- All invoices to any associated companies, cash sales and pro forma to be excluded from the facility.
- We will require proof of VAT and PAYE payments.

I would like to thank you again for the opportunity of speaking with you and being able to present you with our offer. Please do not hesitate to call me should you have any questions or anything is unclear.

If you are happy with this offer, then please sign below and fax a copy of this letter back to me on 08 and we can commence the necessary searches, which we undertake as a matter of normal practice. This offer will expire on 26/10/10.

Kind Regards,

**Lee Trego**  
**Business Development Manager**  
**For and on behalf of**

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We/I confirm I have read, understood and accept the terms of offer in this letter and wish to proceed with setting up a facility with

**Name:**

**Business Name:**

**Signature**

**Date:**